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UNCLAS SECTION 01 OF 02 OTTAWA 000443

SIPDIS

STATE FOR EB/TPP/BTA EB/ESC/ISC (MCMANUS AND ERVITI),  
WHA/CAN (MASON AND RUNNING), OES/EGC (MIOTKE AND  
DEROSA), D/HS (OPTICAN) AND PM (MARKOFF)

HOMELAND SECURITY FOR EPR (BROWN)

DOE FOR IE-141 (DEUTSCH)

COMMERCE FOR 4320/MAC/WH/ON/OIA/BENDER

E.O. 12958: N/A

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SUBJECT: CANADIAN CEO'S PUSH "NORTH AMERICAN SECURITY AND  
PROSPERITY" INITIATIVE IN WASHDC ON APRIL 7

1. THE CANADIAN COUNCIL OF CHIEF EXECUTIVES (CEOCOUNCIL.CA), THE ORGANIZATION WHICH BUILT NORTH AMERICAN BUSINESS SUPPORT FOR U.S.-CANADA FREE TRADE IN THE 1980'S (AND THEREBY BUILT MUCH OF THE FRAMEWORK FOR NAFTA AND FTAA), IS LAUNCHING A SIMILARLY AMBITIOUS AGENDA FOR THE CONTINENT'S TRILATERAL FUTURE. CCEA PRESIDENT TOM D'AQUINO WILL PRESENT THIS PLAN TO U.S. CEO'S IN WASHINGTON, D.C. ON APRIL 7.

2. D'AQUINO POSSESSES STRONG CREDIBILITY IN CANADA BASED ON HIS PERSONAL LEADERSHIP OF THE LOBBY FOR BILATERAL FREE TRADE IN THE 1980'S. INITIALLY HIS ORGANIZATION - THEN CALLED THE BUSINESS COUNCIL ON NATIONAL ISSUES -- FACED DISMISSAL OR SKEPTICISM, BUT D'AQUINO EVENTUALLY BECAME A PUBLIC FACE (SECOND TO THEN PRIME MINISTER BRIAN MULRONEY) OF THE VICTORIOUS PRO-FTA SIDE IN CANADA'S DECISIVE 1988 ELECTION CAMPAIGN. AS D'AQUINO ENJOYS NOTING, THE DOOMSDAY ECONOMIC SCENARIOS WHICH HIS CRITICS THEN FORECAST HAVE BEEN "SPECTACULARLY FULFILLED, IN REVERSE" BY CANADA'S SUBSEQUENT TRADE AND ECONOMIC PERFORMANCE.

2. THE "NORTH AMERICAN SECURITY AND PROSPERITY" INITIATIVE IS OUTLINED AT LENGTH IN A PRESENTATION ON CCCE'S WEBSITE (CEOCOUNCIL.CA). D'AQUINO STRESSES THAT IT DOES NOT/NOT PROPOSE A CUSTOMS OR CURRENCY UNION, COMMON MARKET, UNION OF FOREIGN/DEFENSE POLICIES, OR SUPRANATIONAL GOVERNMENT. RATHER, ITS KEY POINTS ARE:

(I) MAKING THE U.S.-CANADA BORDER A "ZONE OF COOPERATION," NOT A LINE OF DEFENSE; MOVING ENFORCEMENT ACTIVITIES AWAY FROM THE BORDER ITSELF; AND MAKING THE BORDER "AN EFFECTIVE, SHARED CHECKPOINT WITHIN AN INTEGRATED ECONOMIC SPACE."

(II) REGULATORY INTEGRATION TO MAXIMIZE EFFICIENCY. THREE SENSITIVE AREAS ARE RECOGNIZED: THE INCOMPATIBILITY OF TRADE REMEDY LAWS WITH AN INTEGRATED MARKET; THE NEED TO REMOVE RESTRICTIONS ON ACCESS AND OWNERSHIP IN BIG INDUSTRIES; AND IMPEDIMENTS TO THE MOBILITY OF SKILLED LABOR.

(III) BUILDING RESOURCE SECURITY BASED ON OPEN MARKETS AND REGULATORY COMPATIBILITY, ON THE PATTERN NOW WORKING SO WELL IN ENERGY MARKETS - WITH PERMANENT RESOLUTION OF PRICING AND SUBSIDIES ISSUES IN OTHER RESOURCE INDUSTRIES, SUCH AS FOREST PRODUCTS AND AGRICULTURE.

(IV) MEETING HOMELAND SECURITY NEEDS, WITH CANADA AFFIRMING ITS SOVEREIGNTY BY MAKING A VASTLY MORE EFFECTIVE CONTRIBUTION TO ITS OWN DEFENSE, MOVING TO A NEW PHASE OF COOPERATION WITH THE UNITED STATES ON CONTINENTAL SECURITY, AND BEING AN EFFECTIVE PLAYER IN THE GLOBAL EFFORT TO COMBAT TERRORISM.

(V) BUILDING TWENTY-FIRST CENTURY INSTITUTIONS. NAFTA NEVER PRETENDED TO OFFER A FRAMEWORK FOR MANAGING ALL CONTINENTAL ISSUES, AND THE EU (SUPRANATIONAL) MODEL IS NOT APPROPRIATE FOR NORTH AMERICA. SPECIALIZED, EXPERT JOINT COMMISSIONS, ON THE PATTERN OF THE U.S.-CANADA INTERNATIONAL JOINT COMMISSION (IJC), MIGHT OFFER A BETTER MODEL FOR IMPLEMENTING NASP AMONG THE UNITED STATES, CANADA AND MEXICO.

3. COMMENT: MISSION CANADA HAS WITNESSED MANY INITIATIVES TOWARD GREATER U.S.-CANADA INTEGRATION OVER THE YEARS SINCE THE BILATERAL FTA WAS FIRST IMPLEMENTED IN 1989. OF THESE, THE RIDGE-MANLEY SMART BORDER PROCESS STANDS OUT AS HAVING DELIVERED THE SWIFTEST AND MOST RECENT RESULTS. WE BELIEVE THAT THE CCCE'S NASP INITIATIVE MAY HOLD LONGER-TERM PROMISE. FIRST, IT FOLLOWS AND BUILDS UPON THE RIDGE-MANLEY PROCESS. SECOND, IT ORIGINATES WITH MAJOR BUSINESSES, THE GROUP BEST ABLE TO PROVIDE DETERMINED, BOTTOM-UP LEADERSHIP OF THE SCOPE LIKELY TO BE REQUIRED. THIRD, NASP CONFORMS TO OUR OWN VISION OF A DESIRABLE AND ATTAINABLE AGENDA FOR BILATERAL INTEGRATION. ITS INCLUSION OF A MAJOR

SECURITY/DEFENSE COMPONENT IS BOTH ITS STRENGTH (NASP  
ACKNOWLEDGES THE IMPORTANCE OF THIS ELEMENT TO THE USG,  
THOUGH D'AQUINO STRESSES THAT THE GOC MUST INVEST IN  
SECURITY FOR ITS OWN SAKE, NOT MERELY AS A CONCESSION) AND  
ITS WEAKNESS (AT LEAST UNTIL NOW, THE GOC HAS NOT BEEN  
PREPARED TO MAKE DEFENSE INVESTMENTS ON THE SCALE CALLED FOR  
UNDER NASP).

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